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MEMORANDUM

24 January 1951

TO : A.D.S.O.  
FROM : Deputy Comptroller  
SUBJECT: Contractual Services

1. The undersigned is the CIA Special Contracting Officer for the services of individuals and legal entities utilized in support of covert activities. As such he is responsible for ensuring that:

a. Contracts are consistent with operational objectives and clearly and adequately set forth the mutual obligation of the parties concerned.

b. To ensure that contracts conform with expressed and implied Agency and Covert Office administrative, operational and security policies.

2. Experience has shown that each agent contract must be a hand tailored job designed to best accommodate a specific set of operational, security and personal circumstances. These circumstances obviously must be made known to the legal representatives drafting the contracts, the Contracting Officer and the Approving Officer for the Covert Office if suitable, reasonable and justifiable contracts are to be consummated.

3. This information was formerly supplied verbally by the case officer concerned. However, the number of contracts now being processed has made this procedure obsolete, inefficient and wasteful of the time of all concerned. In addition it has been discovered that in the absence of more specific contractual principles and a compilation of the facts warranting specific contractual terms, that inadequate and inconsistent contracts were being prepared. This in turn has resulted in security, morale and administrative problems.

4. The Contracting Officer therefore devised in conjunction with the Covert Offices and representatives of the General Counsel an "Information and Check List" designed to:

a. Adequately describe operational circumstances.

b. Reasonably justify and support the desired emoluments and conditions of employment.

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c. Provide background information to assist in processing financial accounts.

d. Ensure compliance with various Agency legal requirements and policies.

5. The Contracting Officer believes that this "Information and Check List" should repose in the Covert Finance project file which is administered on a restricted basis by designated members of the Finance Branch. Representatives of the Covert Offices, on the other hand, insist this document be returned to the Operations Officer for reasons of security. For this reason the problem is submitted separately to each office concerned for consideration.

6. The reasons in favor of placing the document in the Finance Branch file are:

a. To establish a permanent reference point to which the Legal representatives and the Contracting Officer can refer in support of any contract as drafted and consummated. This is particularly important at the time of contractual disputes, amendments and extensions.

b. To assist the Finance Branch in interpreting contract provisions in order that contracts may be financially administered in the best possible manner compatible with operational circumstances.

7. The only argument against this procedure is that a security hazard is created thereby. It is not believed that this is a valid argument as it is a simple fact that the financial covert file in almost every instance already and necessarily contains information of far greater security significance. The slight degree to which the "Information and Check List" augments the security hazard is believed to be immaterial in terms of the value of the document in the financial project file.

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Deputy Comptroller

cc: Staff B, OSO  
✓ Legal Division

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